

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 SIL-01 OMB-01 /090 W

-----007623 072103Z /75

R 071925Z MAR 78

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASDC 6331

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PARAMARIBO

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE SECTION 1 OF 2 GEORGETOWN 0743

E.O. 11652: N/A

TAGS: PINT, EFIN, GY

SUBJECT: PARLIAMENTARY BUDGET DEBATE

BEGIN SUMMARY: THE PARLIAMENTARY DEBATE ON THE GOG'S BUDGET OPENED MARCH 2 WITH THE OPPOSITION PEOPLE'S PROGRESSIVE PARTY (PPP) ATTACKING BOTH THE BUDGET AND THE RULING PEOPLE'S NATIONAL CONGRESS (PNC). THE BUDGET WAS A "BOURGEOIS" CONCOCTION AND SIGNALLED, ACCORDING TO THE PPP, THAT THE PNC WAS SUCCUMBING TO IMPERIALISTS. THE PPP RENEWED ITS CALL FOR A NATIONAL FRONT COALITION GOVERNMENT AND URGED THAT WESTERN LOANS AND AID BE REJECTED BECAUSE SUCH AID WOULD NOT LEAD TO SELF-SUFFICIENCY AND INDEPENDENCE. IN ADDITION, PPP PARLIAMENTARIANS ACCUSED THE GOG OF GROSS ECONOMIC MISMANAGEMENT. PNC SPOKESMAN ADAMANTLY DEFENDED THE GOVERNMENT AGAINST THE CHARGES AND REJECTED THE IDEA OF A COALITION GOVERNMENT. THEY MAINTAINED THAT, CONTRARY TO THE PPP'S ALLEGATIONS THE GUYANESE ECONOMY HAD GROWN STEADILY SINCE 1972, IN SPITE OF THE ECONOMIC PROBLEMS--MANY CAUSED BY

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EXTERNAL FACTORS--WHICH THE GOG HAD ENCOUNTERED. BOTH SIDES ENGAGED IN EXTENSIVE HECKLING AS THEIR OPPONENTS SOUGHT TO MAKE POINTS. THE INITIAL DAYS OF THE DEBATE INDICATE THT THE PPP'S POLITICAL STRATEGY HAS REMAINED UNCHANGED. IT STILL WANTS TO FORCE THE PNC INTO A NATIONAL FRONT GOVERNMENT HOSTILE TO THE WESTERN POWERS AND FRIENDLY TO THE SOVIET UNION. END SUMMARY.

1. DEBATE OPENED ON THE FOUR YEAR BUDGET TABLED IN PARLIAMENT ON FEBRUARY 27 BY MINISTER OF FINANCE FRANK HOPE. THE OPPOSITION COMMENTS ON THE BUDGET WERE LED OFF BY FINANCE SPOKESMAN NARBADA PERSAUD AND ECONOMICS SPECIALIST LALLBACHAN LALBAHADUR. PERSAUD AGREED WITH THE GOG CONTENTION THAT THERE WAS A NEED FOR INCREASED PRODUCTION BUT DECLARED THAT, UNDER THE FINANCE MINISTER'S PROPOSALS, THIS WOULD NOT BE POSSIBLE SINCE THE PEOPLE WHO PRODUCE GUYANA'S WEALTH WOULD NOT BE GIVEN A FAIR DEAL. IN PERSAUD'S VIEW, THE PPP CONTROLLED THE PRODUCTIVE FORCES IN THE COUNTRY AND, IN ORDER TO IMPROVE THE PERFORMANCE OF THE ECONOMY, THE GOVERNMENT WOULD HAVE TO "RECOGNIZE THE PPP FOR WHAT IT WAS". THE REMARK WAS GREETED WITH DERISIVE LAUGHTER FROM THE GOVERNMENT BENCHES. PERSAUD REFERRED TO THE PNC REJECTION OF THE PPP'S AUGUST 1977 PROPOSAL TO FORM A NATIONAL FRONT GOVERNMENT AND SAID THAT IF THE PNC WAS TRYING TO GOVERN ALONE IT WAS "ONLY LIVING IN DREAMS". THE "PPP WAS EXTENDING ANOTHER OLIVE BRANCH" TO THE GOVERNMENT AND IT COULD ONLY BE REJECTED TO THE GOG'S DETRIMENT. PERSAUD DECLARED THAT THE ECONOMY WAS IN DIRE STRAITS BECAUSE THE PNC FOSTERED INCOMPETENCE, INEFFICIENCY, "SQUANDERMANIA", AND CORRUPTION. LALBAHADUR ATTACKED THE GOG BUDGET PLANS BECAUSE, ACCORDING TO HIM, THEY WERE "PETTY BOURGEOIS" ORIENTATED AND AGAINST THE PRINCIPLES OF LIMITED OFFICIAL USE

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SOCIALIST PLANNING.

2. IN RESPONSE, MINISTER OF ECONOMIC DEVELOPMENT AND COOPERATIVES DESMOND HOYTE MAINTAINED THAT, RATHER THAN STAGNATING OR REGRESSING AS PPP MEMBERS CHARGED, THE GUYANESE ECONOMY HAD MADE IMPRESSIVE STRIDES IN THE PRODUCTIVE SECTORS. HOYTE CITED FIGURES WHICH SHOWED THAT AGRICULTURE HAD GROWN BY A TOTAL OF 15.3 PERCENT OVER THE PAST FIVE YEARS, FORESTRY HAD INCREASED BY 12.2 PERCENT, K18 49 3 12.9 PERCENT WHILE MANUFACTURING JUMPED 14.6 PERCENT, IN THE SAME PERIOD. REGIONAL MINISTER FOR BERBICE, OSCAR CLARKE, STATED THAT THE PNC HAD ADVNNCED THE REVOLUTIONARY PROCESS DESPITE "HUMBUGS" FROM THE RIGHT AND LEFT AND ISSUED A PLEA FOR GREATER UNITY AND PRODUCTIVITY AMONG THE GUYANESE PEOPLE.

3. THE INTERNATIONAL ASPECTS OF GUYANA'S BUDGETARY PROBLEMS ALSO RECEIVED ATTENTION WHEN PERSAUD AND LALBAHADUR CRITICIZED THE EXTENT OF BORROWING FORM WESTERN COUNTRIES. HOYTE REPLIED THAT ALL COUNTRIES BORROWED MONEY TO ONE EXTENT OR ANOTHER, NOTING THAT

EASTERN EUROPEAN SOCIALIST STATES OWNED WESTERN INDUSTRIAL DEMOCRACIES \$45 BILLION (US). THOSE WHO CRITICIZE FOREIGN BORROWING BY GUYANA ARE THEREFORE "MISINFORMED". PERSAUD COUNTERED THAT THE SOCIALIST COUNTRIES CORROWED FROM THE WEST, THROUGH THE EURO-MARKET, ONLY WHEN IT WAS FOR PRODUCTON WHICH WOULD GENERATE SURPLUSES TO REPAY THE DEBTS WHEREAS IN GUYANA IT WAS THE PEOPLE WHO HAD TO REPAY THEM. LALBAHADUR FELT THAT FOREIGN CAPITAL DID NOT LEAD TO SOCIALIST CONSTRUCTION BUT TO DICTATORSHIP FROM ABROAD AS EVIDENCED BY LATIN AMERICAN NATIONS.

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4. THE DEBATE RESUMED ON MARCH 5 WITH THE PPP'S CLINTON COLLYMORE BLASTING THE BUDGET AS AN INDICATION OF THE TOTAL BANKRUPTCY OF THE GOG. IN A LONG AND DISORGANIZED SPEECH COLLYMORE OPINED THAT "IMPERIALIST POWERS" WOULD BE SUPPLYING A SIGNIFICANT PORTION OF THE GOG'S FUNDS. HE CALLED FOR A SHARP REDUCTION IN THE SIZE OF THE ARMY, THE DISBANDING OF THE MINISTRY OF NATIONAL DEVELOPMENT, AND THE SLASHING OF US\$2 MILLION FROM THE BUDGET OF THE NATIONAL SERVICE BY ELIMINATING ITS PARAMILITARY ASPECTS. CONCLUDING, COLLYMORE RENEWED THE PPP CALL FOR A NATIONAL FRONT GOVERNMENT.

5. HUBERT JACK, MINISTER OF ENERGY AND NATURAL RESOURCES, GAVE A REBUTTAL, STATING THAT COLLYMORE'S REMARKS WERE IGNORANT. THE DEFENSE FORCES OF GUYANA ACTED TO RESTORE

DOMESTIC ORDER AND WERE NECESSARY. JACK THEN PROCEEDED TO PROJECT THE FUTURE TREND OF THE ECONOMY. NEGOTIATIONS WERE UNDER WAY WITH THE WORLD BANK TO FINANCE DEVELOPMENT OF A US\$6 MILLION LUMBER COMPLEX 65 MILES FROM THE LIMITED OFFICIAL USE

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BAUXITE MINING TOWN OF LINDEN. IT WAS HOPED THAT WORK ON THE COMPLEX COULD START BEFORE JANUARY, 1979. THE PRODUCTION AND EXPORT OF LUMBER WAS A FIELD THAT SHOWED CONSIDERABLE PROMISE. ALSO, CHARCOAL PRODUCTION COULD GO UP TO 20,000 TONS PER ANNUM IN THE NEAR FUTURE. THE GOG WAS ALSO LOOKING INTO THE POSSIBILITY OF CONSTRUCTING AN ALUMINUM SMELTER IN GUYANA. EXPLORATION FOR OIL WOULD ALSO BE ENCOURAGED AND EFFORTS WOULD BE MADE TO DISCOVER WHATEVER RADIOACTIVE RESOURCES THE COUNTRY MIGHT HAVE. THE MINISTER INDICATED THAT THE GUYANESE ECONOMY MIGHT BE IN EVEN MORE SERIOUS DIFFICULTY IN THE FUTURE. HE ESTIMATED THAT, EVEN IF CONSUMPTION REMAINS THE SAME, THE NATION'S ENERGY BILL COULD BE AS HIGH AS US\$160-200 MILLION (UP FROM US\$17 MILLION IN 1973 AND EST. \$78.5 MILLION IN 1977) IN THE NEXT FIVE OR SIX YEARS IF PRICES RISE AS RAPIDLY AS THEY HAVE IN THE PAST. HE CONCLUDED BY NOTING THAT WHILE THERE WERE ECONOMIC DIFFICULTIES FACING THE GUYANESE ECONOMY THERE WERE ALSO OPTIMISTIC SIGNS AND THAT HE WAS HOPEFUL THAT THE FUTURE WOULD SEE AN IMPROVEMENT IN THE NATION'S FINANCIAL CONDITION.

6. COMMENT: THE PPP'S STRATEGY APPARENTLY REMAINS CONSTANT. THE RHETORIC OF ITS SPOKESMEN, IN ADDITION TO ATTACKING THE BUDGET SPECIFICALLY, HAMMERED AT THE NOW FAMILIAR REFRAIN THAT THE PNC RULED GOG HAS BUCKLED UNDER TO WESTERN INFLUENCES AND IS PURSUING BOURGEOIS POLICIES. THIS CRITICISM, WHICH HAS BEEN USED SINCE AUGUST OF LAST YEAR, IS DESIGNED TO AROUSE POLITICAL PRESSURES TO PUSH BURNHAM AWAY FROM HIS RAPPROACHMENT WITH THE WEST. GUYANA'S ECONOMIC DIFFICULTIES ARE THUS BEING EXPLOITED BY THE OPPOSITION TO FURTHER THE INTERESTS OF THE PPP'S MENTOR--THE SOVIET UNION--IN BRINGING ABOUT AN "IDEOLOGICALLY PURE" AND SOVIET-LEANING LIMITED OFFICIAL USE

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GUYANESE NATIONAL FRONT GOVERNMENT. GUYANA'S FOREIGN POLICY, IN ADDITION TO ASSURING THE NATION'S SECURITY, MUST EXPAND GUYANA'S EXPORT MARKETS AND ENLIST THE "COOPERATION" (I.E., ASSISTANCE) OF OTHER STATES FOR THAT DEVELOPMENT.

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Message Attributes

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